

Senior Management Team proposal for:

Trade Union agreement on a 2 year increment freeze in exchange for an improved Voluntary Severance Scheme

Background to emergence of above proposal

1. Discussions have been ongoing since 16 February 2011 with the Senior Management Team in response to the threat of imposition of pay cuts and increment freezes in order that the Council makes savings of £22m by 2014/15.
2. Council Leaders have expressed a desire to see savings achieved from changes to terms and conditions of employment, whereas we believe this is unnecessary and that savings can be achieved without cuts to pay and conditions. The amount that Councillors believe needs to be saved via terms and conditions remains unclear and we assume that to some extent that will depend upon whether savings can be made in other ways.
3. The Joint Trade Unions have come up with a number of suggestions to explore where savings can be made e.g. reviewing the use of agency and temporary staff, reviewing staff car parking and reviewing the way the bailiff service operates. However, the Joint Trade Unions are not in a position to take this work forward without the support and commitment of senior management which is not forthcoming, presumably because they do not perceive that these are areas where savings can be made. Therefore, no further explorations can be made in these areas.
4. In August 2011 the Joint Trade Unions put forward proposals for a time limited enhanced Voluntary Redundancy/Severance Scheme, with the overall aim of reducing the workforce and to free up posts for those remaining. The Joint Trade Unions received considerable staff support for such a scheme (which was based on a multiplier of 3 x weekly pay, with minima and maxima built-in to assist take-up amongst lower paid staff and keep costs to a minimum for the Council, whilst still remaining attractive for higher paid staff). The Joint Union proposal was based on the assumptions that whilst there were likely to be initial costs to fund the severance payments, over the period in question and by Year 3 (2014/15), the Council could expect to save in the region of £5.6m.
5. On 19 September 2011 Council Leaders decided to commence a formal 90-day consultation period with the trade unions on a proposed 2 year increment freeze for all staff (excluding schools staff) earning £21,000 and over. 1,249 people would be affected, realising savings of £926,500 over the two years. The Council rejected the joint trade unions proposal on voluntary redundancy/severance as "unaffordable". This is despite the

fact that the Council's budget predicted savings of £18.563m for 2011/12, which is £3.563m over the target of £15m savings during 2011/12.

6. At the October Council meeting, Councillors decided to invest £2m in the "Shaping our future Transformation Programme" which the Senior Management Team is claiming will save an estimated £15m - £21m over three years. Details of how these savings will be achieved are extremely hard to pinpoint from the documentation submitted to Councillors so far. However, one area of savings which is less vague, is in the area of job losses. The Chief Executive in a message to all staff on the subject of the transformation programme stated:

"At this stage, we think there could be around 150 redundancies over the next three years as a result of the transformation. We are already working hard to avoid compulsory redundancies, new recruitment has been carefully managed since early 2010 and we are trying to redeploy as many people as we can."

(There have already been 151 posts lost in 2011/12).

7. At a meeting on Wednesday, 9 November 2011, the Senior Management Team presented the Joint Unions with a proposal to improve the Councils Voluntary Severance/Redundancy Scheme in principle, in exchange for agreement with the unions on a 2 year increment freeze. There were no details provided on how much they proposed to improve the scheme.
8. Whilst the trade unions agreed to go away and consider this further, they expressed the view that they did not believe the two issues needed to be linked and that sufficient savings could be achieved from an improved Voluntary Severance/Redundancy scheme without the need to impose an increment freeze. However, it was clear that the senior management were not in a position to agree to this, given it was the Council Leaders who took the decision to embark on the 90 day consultation period for an increment freeze. The trade unions therefore requested a meeting with the Council Leaders as soon as possible, in order that they could present their response.

Joint Trades Union Response to above proposal

9. It is an extremely difficult for the Portsmouth City Council Joint Trades Unions to agree to an increment freeze as this is a key national condition of service i.e. one of those set out in Part 2 of the National Agreement on Pay & Conditions of Service (Green Book). In fact, we are advised that if employers persist in taking these issues forward for negotiation locally, then we should register a formal dispute and progress the matter through the NJC machinery within the appropriate Provincial Council and if necessary onwards to the National Joint Council. (see attached advice dated 17 September 2010, Appendix A).
10. However, we have considered the position of the Council very carefully and in an attempt to avoid further conflict and a protracted dispute we are prepared to agree to a 1 year increment freeze on the following basis:

- a. There is a joint agreement on no compulsory redundancies;
- b. There is a joint agreement on an improved Voluntary Severance/Redundancy Scheme (attached as appendix B);
- c. The 1 year increment freeze would only become effective from 1 April 2013 if it is deemed necessary on the basis that there is insufficient interest/acceptable volunteers from the enhanced Voluntary Severance/Redundancy Scheme.
- d. Should it become necessary for the 1 year increment freeze to be implemented in April 2013, account and any remedial action is taken of any detrimental impact, identified via the Equality Impact Assessment.
- e. Should it be necessary for the increment freeze to be implemented in April 2013, it would only be for 1 year and not subject to further review.

Portsmouth City Council Joint Trade Unions

14 November 2011

**national joint
council for
local government
services**

trade union side

Correspondence to: Joint Secretaries, NJC for Local Government Services,
Trade Union Side, c/o Heather Wakefield, 1 Mabledon Place, London WC1H 9AJ.
Tel: 0845 355 0845 Fax: 020 7551 1195 Text tel: 0800 0 967 968

To: All branches and officers of the NJC for Local Government Services (England, Wales and Northern Ireland) Trade Unions (GMB, UNISON, Unite)

17 September 2010

Dear Colleagues

NJC for Local Government Services – England, Wales and Northern Ireland – Changes to Part 2 Conditions of the National Agreement

It has been brought to the attention of the Trade Union Side Secretaries that a number of employers are putting forward proposals to change conditions which come under Part 2 of the National Agreement. Our position on this is very clear and we would ask you to ensure that any employer that makes such an approach on a local level is told quite clearly that these issues are not to be the subject of negotiation locally. If the employer persists in taking the issue forward, then we would ask you, as a joint Trade Union Side locally, to register a formal dispute and progress that matter through the NJC machinery within the appropriate Provincial Council and, if necessary, onwards to the National Joint Council. Meanwhile, of course, we would expect that the status quo would apply.

We would also ask branches/officers to inform the National Joint Secretaries on a joint basis of any employer who is making such proposals with appropriate details of what those proposals contain.

Yours sincerely

Brian Strutton
Joint TU Secretary
GMB

Heather Wakefield
Joint TU Secretary
UNISON

Peter Allenson
Joint TU Secretary
Unite the Union.

Proposed Improved Voluntary Severance/Redundancy Scheme

Portsmouth City Council

1. Like other Local Authorities, over the next three years Portsmouth City Council is facing financial challenges to do “more with less”. This enhanced Voluntary Severance/Redundancy Scheme has been designed to support the flexibility of the organisation as it moves through a period of rapid change and service redesign, as set out in the Council’s transformation programme “Shaping Our Future”.
2. The purpose of this Voluntary Severance/Redundancy Scheme (VS/VR) is to create job vacancies which can be filled by redeployment of staff from other jobs or as a suitable alternative for those facing redundancy as there is a no compulsory redundancies agreement with the Joint Trade Unions.
3. It is a scheme which provides an opportunity for an employee to voluntarily leave employment in return for a severance payment and by agreement with the City Council.
4. Any application under this scheme must demonstrate that the departure of the employee would be in the financial and operational interests of the organisation. In other words, there must be a sound business case which will need to demonstrate that:
 - a. It is in the clear management interest of the Council and its strategic aims;
 - b. It must represent the best value for money that can be achieved in light of the prevailing circumstances. In particular, it must be safe to assume that the employee would not otherwise terminate their employment without the proposed financial enhancement.
 - c. It must be voluntarily accepted by the individual employee;
5. Responses to the invitation to apply for voluntary severance/redundancy will normally be considered by the employee’s line manager and will always be on the basis of the Council’s operational and strategic requirements. Hence applications may or may not be approved. Reasons for rejecting an application will be provided in writing.
6. An individual may appeal to the Joint Panel* established specifically for this scheme, in the event that they are unhappy with the reasons given for refusing their application and they are supported by their trade union i.e. the union agrees there are grounds for appeal.
7. The scheme will be time-limited from 1 January 2012 to 29 February 2012. However, should someone make an application during this period, which is rejected and their post is **subsequently identified as redundant and/or the manager identifies a business case for letting the employee go**, there can be a review of the original rejection.

Payment

8. **2.8 x of a week's pay** (min.£441/wk, max £863/wk) for each complete year of continuous Local Government Service, (subject to a maximum of 2 years salary).
 9. Staff whose application under this scheme is accepted and who have reached their normal pensionable retirement age (aged 60 or over at the time of effective date of end of service), will also be eligible to claim their pensions benefits as this will not involve the organisation incurring additional costs related to the payment of pensions benefits.
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10. Staff whose application under this scheme is accepted and who have reached their minimum pension age (aged 55-59 at the time of effective date of end of service) will also be eligible to claim their pensions benefits but any Voluntary Severance/Redundancy Scheme payment will be reduced by an amount equal to any actuarial costs incurred by the Council. Also, staff in this age bracket who take up voluntary redundancy can achieve maximum pension without having to qualify for the 85 year rule.
 11. Anyone whose application under this scheme is accepted who is eligible for their pension can convert any lump sum compensation payment, in excess of any statutory redundancy payment, into additional LGPS years, upto a maximum of 10 years.

Flexible Retirement Scheme

12. Many staff are unaware of the existing provision for those above age 55 to take up flexible retirement and continue working. This means that someone above age 55 can take up voluntary retirement and reduce their working hours. If they were to reduce their hours by 50% and take up early retirement under the LGPS then this could give them an amount almost equivalent to current salary, whilst working part-time. Something many people have said they would consider, but that they were previously unaware of. By raising awareness of this option, the Council may be able to free up more posts for redeployment and save money.